

Message Text

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51

ACTION AF-18

INFO OCT-01 ISO-00 SCS-03 SCA-01 L-03 EB-11 COME-00 AID-20

IGA-02 RSC-01 DRC-01 /061 W

----- 111134

R 301215Z AUG 74

FM AMEMBASSY DAKAR

TO SECSTATE WASHDC 8253

INFO AMEMBASSY ADDIS ABABA

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EO 11652: NA

TAGS: CASC, EAID (CORNELL, EZRA)

SUBJ: BUILDERS INTERNATIONAL

REF: STATE 161181

SUMMARY. EMBASSY HAS RECEIVED FROM ACTING PRIME MINISTER'S OFFICE COPY OF LETTER DATED AUG 27 FROM ACTING PM MAGATTE LO TO COVINGTON AND BURLING (JOHN VANDERSTAR) CONCERNING EZRA CORNELL CASE. OTHER COPIES SENT TO MINISTRIES FONAFFAIRS, FINANCE/ECONOMIC AFFAIRS, AND TRANSPORT/PUBLIC WORKS/URBANISM, AS WELL AS PRESIDENT DIRECTOR GENERAL, SICAP. END SUMMARY.

1. TEXT OF LETTER (UNNECESSARY WORDS OMITTED) FOLLOWS:

A. QUOTE. BY LETTER OF JULY 17, 1974, YOU HAVE CALLED MY ATTENTION TO SITUATION MR EZRA CORNELL IV, DIRECTOR BUILDERS INTERNATIONAL AND GIVEN ME IMPORTANT INFORMATION ON FINANCIAL SITUATION THIS COMPANY WHICH BUILT "PATTE D'OIE PROJECT" IN DAKAR.

B. I HAVE HONOR INFORM YOU PENAL PROCEDURE HAS BEEN INSTITUTED AGAINST MR CORNELL BASED ON TWO ACKNOWLEDGEMENTS OF DEBT AMOUNTING TO TOTAL 9,305,013 CFA WHICH HE SIGNED FOR BENEFIT SOCIETE

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IMMOBILIERE DU CAP VERT ON JULY 14, 1971 AND

OCTOBER 19, 1971. MR CORNELL, WHO HAD BOUND HIMSELF
PAY THIS DEBT BEFORE DEC 31, 1971, HAS NOT MET HIS
OBLIGATIONS.

C. COMPETENT SENEGALESE AUTHORITIES HAVE INFORMATION
WHICH INDICATES AT LEAST ONE PART THIS DEBT, COMES
FROM PUNISHABLE ACTIONS PERSONALLY ATTRIBUTABLE
DIRECTOS BUILDERS INTERNATIONAL AND, PARTICULARLY,
TO MR CORNELL.

D. FICTITIOUS RENTAL-PURCHASE CONTRACTS WERE ESTABLISHED
TO OBTAIN RELEASE OF FUNDS PAID BY USAID. REAL LESSEES
WERE ONLY LATER FOUND. NEVERTHELESS, THIS (MANNER OF)
REGULARIZATION HAS CAUSED LOSS OF RENT TO HAVE BEEN
COLLECTED BY SICAP.

E. ON OTHER HAND,MR CORNELL TOLD JUDICIARY AUTHORITIES
AND AUDIT ORGANIZATION COMMISSIONED BY GOVT OF
SENEGAL, THAT DIRECTOR OF BUILDERS INTERNATIONAL
SENEGAL, TO OBTAIN SPEEDY PAYMENT OF LAST INSTALLMENT
AMERICAN LOAN, PROPOSED TO SOME OF FINAL LESSEES THAT
THEY START THEIR CONTRACT FROM DEC 1970 WHILE
REQUESTING THEIR FIRST MONTHLY INSTALLMENTS ONLY TWO
OR THREE MONTHS LATER. SUCH A PRACTICE,WHICH CAN
BE JUSTIFIED COMMERCIALY, CAN BE ACCEPTED ONLY WHEN
COMPANY ASSUMES RESULTING LOSS.

F. NOW IN BOTH CASES, FIRST OF WHICH I NOTE UNDENIABLY
HAS CRIMINAL ASPECT, COMPANY AND ITS DIRECTORS WERE ABLE,
WITH SUCCESS,CAUSE SICAP, A COMPANY WITH
GOVERNMENT MAJORITY PARTICIPATION,TO BEAR
CONSEQUENCES THEIR MANIPULATIONS. SICAP IS RESPONSIBLE
FOR MANAGEMENT PROJECT AND MUST SECURE REIMBURSEMENT OF
AMERICAN LOAN FINANCING THIS CONSTRUCTION.

G. ANY DROP IN RENT PAYMENTS INEVITABLY RESULTS IN
SHORTAGE OF PAYMENT LOAN INSTALLMENTS. SINCE THESE
PAYMENTS ARE GUARANTEED BY GOVT OF SENEGAL, LATTER
IN END IS INJURED PARTY.

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H. MR CORNELL HAS POSTED BOND IN AMOUNT EQUIVALENT
TO DEBTS HE HAS ACKNOWLEDGED AND NEGLECTED TO PAY,
PLUS LEGAL EXPENSES. ONLY IF HE ACCEPTS ASSIGN THIS
BOND TO PAY DEBTS WHICH LED TO INITIATION CRIMINAL
PROCESS, COULD (LEGAL) ACTION EVENTUALLY BE BROKEN
OFF.

I. WITH REGARD TO SUMS RECEIVED BY BUILDERS

INTERNATIONAL SENEGAL IN UNITED STATES AND NOT
TRANSFERRED SENEGAL FOR PAYMENT OF WORK, DOCUMENTS
YOU FORWARDED AND, PARTICULARLY, PRICE WATERHOUSE'S
REPORT, UNDOUBTEDLY CERTAIN INTERESTING DATA.

J. NEVERTHELESS, SOME EXPENDITURES MENTIONED IN THAT
REPORT REQUIRE EXPLANATION. MR CORNELL FURTHERMORE
HAS PROPOSED TO GIVE EXPLANATION AT THE EARLIEST
OCCASION. THE AUDIT ORGANISM IN CHARGE OF
VERIFICATION OF FINANCIAL OPERATIONS WILL EVALUATE
HIS EXPLANATION AND, CONSEQUENTLY, PROPOSE ACTION
WHICH MIGHT BE TAKEN BY MY GOVERNMENT.

K. SO, ON SECOND POINT, I CAN ONLY RESERVE MY
REPLY FOR NOW. ON FIRST POINT, ON OTHER HAND, IF
YOUR CLIENT AGREES TO ASSIGN HIS BOND TO PAYMENT
HIS DEBTS, CURRENT LEGAL PROCEEDING COULD BE
ENDED.

L. UNLESS, IN MEANTIME, NEW PROCEDURE IS STARTED,
LIMITATIONS TO MR CORNELL'S FREEDOM COULD BE
REMOVED AS SOON AS COMPETENT LEGAL AUTHORITIES HAVE
ASCERTAINED PAYMENT.

FOR PRIME MINISTER WHO IS ABSENT
MINISTER OF STATE, ACTING IN INTZAIM
//SIGNED MAGATTE LO// END QUOTE

2. EMBASSY POUCHING TO AF/W FRENCH TEXT OF LETTER.
AGGREY

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
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30 JUN 2005

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